

**IN THE UNITED STATES DISTRICT COURT**  
**FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

<b>UNITED STATES OF AMERICA</b>	<b>:</b>	<b>CRIMINAL NO. <u>08-</u></b>
<b>v.</b>	<b>:</b>	<b>DATE FILED: <u>October 28, 2008</u></b>
<b>MATTHEW J. REUSING, JR.</b>	<b>:</b>	<b>VIOLATIONS:</b>
	<b>:</b>	<b>26 U.S.C. § 7206(2) (assisting in false</b>
	<b>:</b>	<b>tax returns - 32 counts)</b>
	<b>:</b>	<b>26 U.S.C. § 7203 (failure to file tax</b>
	<b>:</b>	<b>returns - 2 counts)</b>

**INDICTMENT**

**COUNTS ONE THROUGH THIRTY-TWO**

**THE GRAND JURY CHARGES THAT:**

At all times relevant to this indictment:

**THE DEFENDANT AND HIS BUSINESS**

1. Defendant MATTHEW J. REUSING, JR., was a licensed attorney and the owner and operator of a tax-return preparation business called “Reusing’s Rapid Refunds,” located in Clifton Heights, Delaware County, Pennsylvania.
2. Defendant MATTHEW J. REUSING, JR., requested and received authorization from the Internal Revenue Service (“IRS”) to participate in its e-file program, which allowed defendant REUSING to electronically file tax returns on behalf of his clients.
3. Defendant MATTHEW J. REUSING, JR., encouraged his clients to permit electronic filing of their tax returns, which would allow defendant REUSING to complete and e-file tax returns without the client’s review or signature.
4. Defendant MATTHEW J. REUSING, JR., generally charged his clients a fee of between \$100 and \$250 for tax return preparation.

## **THE REFUND ANTICIPATION LOAN PROGRAM**

5. A Refund Anticipation Loan (“RAL”) is a short-term bank loan to a taxpayer, secured by the taxpayer’s expected tax refund, which allows the taxpayer to obtain quicker access to tax-refund money in exchange for certain fees.

6. When a tax preparer applies for an RAL on behalf of a taxpayer, the tax preparer must e-file the taxpayer’s tax return, and in doing so, may request electronic payment of any tax preparer fee. The tax preparer then causes this information to be transmitted to the IRS as well as to a bank (the “RAL Bank”).

7. The RAL Bank then quickly pays the taxpayer by authorizing the tax preparer to issue a bank check in the amount of the anticipated refund, minus all fees.

8. When the IRS processes the taxpayer’s tax return, the taxpayer’s refund money is paid to the RAL Bank. The RAL Bank then electronically pays any requested tax-preparer fee.

9. Defendant MATTHEW J. REUSING, JR., convinced some of his clients to participate in the RAL program (“RAL Clients”).

## **THE DEFENDANT’S FRAUDULENT CONDUCT**

10. Defendant MATTHEW J. REUSING, JR., regularly falsified and inflated deductions on his clients’ tax returns, including deductions for gifts to charity, unreimbursed business expenses, unreimbursed vehicle expenses, and business losses. This resulted in his clients receiving higher refunds than they were entitled to receive.

11. In addition, to further enrich himself:

a. Defendant MATTHEW J. REUSING, JR., failed to provide some

of his RAL Clients with a true copy of their e-filed return, and instead provided them with a fake tax return prepared by defendant REUSING. In the fake tax return, defendant REUSING included some different information than he included in the e-filed return, and he calculated a lower tax refund (the “Client Refund”).

b. Defendant MATTHEW J. REUSING, JR., failed to advise his RAL Clients that a higher refund had been requested in the e-filed tax return (“RAL Refund”).

c. Defendant MATTHEW J. REUSING, JR., instructed the RAL Bank to pay him an inflated fee, generally in excess of \$900, that made up the difference between the Client Refund amount and the RAL Refund amount. Thus, defendant REUSING’s clients remained unaware of the higher RAL Refund and of defendant REUSING’s inflated fee.

12. As a result of the false and inflated deductions on his clients’ tax returns, many of defendant MATTHEW J. REUSING, JR.’s clients were subsequently found by the IRS to owe additional taxes, in amounts ranging from \$533 to \$28,951 per client. Defendant REUSING caused a total tax loss of more than \$100,000.

13. In an effort to avoid detection of his fraud, defendant MATTHEW J. REUSING, JR., attempted to convince some of his clients not to cooperate fully with the IRS in the subsequent investigation of their tax returns.

14. On or about the dates set forth below, in the Eastern District of Pennsylvania, defendant

**MATTHEW J. REUSING, JR.,**

willfully aided and assisted in, and advised the preparation and presentation, to the IRS, of U.S. Individual Income Tax Returns, Forms 1040, either individual or joint, including all

accompanying schedules, for the taxpayers and calendar years hereinafter specified, which returns and schedules were false and fraudulent as to material matters, in that they represented that the taxpayers were entitled under the provisions of the Internal Revenue laws to claim the following deductions, set forth below, when in fact, as defendant REUSING well knew, the amounts of those deductions had been falsified and fraudulently inflated:

<b>COUNT</b>	<b>DATE</b>	<b>TAXPAYER INITIALS</b>	<b>TAX YEAR</b>	<b>FRAUDULENTLY INFLATED DEDUCTIONS</b>
1	04/15/2003	D.B. and P.B.	2002	Gifts to charity Unreimbursed business expenses Unreimbursed vehicle expenses
2	04/15/2004	D.B. and P.B.	2003	Gifts to charity Unreimbursed business expenses Unreimbursed vehicle expenses
3	04/15/2005	D.B. and P.B.	2004	Gifts to charity Unreimbursed business expenses Unreimbursed vehicle expenses
4	04/15/2003	K.C.	2002	Unreimbursed business expenses Unreimbursed vehicle expenses
5	04/15/2004	K.C.	2003	Gifts to charity Unreimbursed business expenses Unreimbursed vehicle expenses
6	04/15/2005	K.C.	2004	Gifts to charity Unreimbursed business expenses Unreimbursed vehicle expenses

<b>COUNT</b>	<b>DATE</b>	<b>TAXPAYER INITIALS</b>	<b>TAX YEAR</b>	<b>FRAUDULENTLY INFLATED DEDUCTIONS</b>
7	04/15/2003	R.E.	2002	Gifts to charity Unreimbursed business expenses Unreimbursed vehicle expenses
8	04/15/2004	R.E.	2003	Gifts to charity Unreimbursed business expenses Unreimbursed vehicle expenses
9	04/15/2005	R.E.	2004	Gifts to charity Unreimbursed business expenses Unreimbursed vehicle expenses
10	04/15/2003	R.P. and D.P.	2002	Schedule C business losses
11	04/15/2004	R.P. and D.P.	2003	Gifts to charity Unreimbursed business expenses Unreimbursed vehicle expenses Schedule C business losses
12	04/15/2005	R.P. and D.P.	2004	Gifts to charity Unreimbursed business expenses Unreimbursed vehicle expenses
13	04/15/2003	M.P. and T.P.	2002	Unreimbursed business expenses Unreimbursed vehicle expenses
14	04/15/2004	M.P. and T.P.	2003	Unreimbursed business expenses Unreimbursed vehicle expenses
15	04/15/2005	M.P. and T.P.	2004	Unreimbursed business expenses

<b>COUNT</b>	<b>DATE</b>	<b>TAXPAYER INITIALS</b>	<b>TAX YEAR</b>	<b>FRAUDULENTLY INFLATED DEDUCTIONS</b>
16	04/15/2003	S.B. and D.B.	2002	Gifts to charity Unreimbursed business expenses Unreimbursed vehicle expenses Schedule C business losses
17	04/15/2004	S.B. and D.B.	2003	Schedule C business losses
18	04/15/2005	S.B.	2004	Schedule C business losses
19	04/15/2003	H.R. and J.R.	2002	Unreimbursed vehicle expenses
20	04/15/2004	H.R. and J.R.	2003	Unreimbursed business expenses Unreimbursed vehicle expenses
21	04/15/2005	H.R. and J.R.	2004	Unreimbursed business expenses Unreimbursed vehicle expenses
22	04/15/2004	J.S. and E.S.	2003	Gifts to charity Unreimbursed business expenses Unreimbursed vehicle expenses
23	04/15/2005	J.S. and E.S.	2004	Gifts to charity Unreimbursed business expenses Unreimbursed vehicle expenses
24	04/15/2004	R.F. and R.F.	2003	Gifts to charity Unreimbursed business expenses Unreimbursed vehicle expenses
25	04/15/2005	R.F. and R.F.	2004	Gifts to charity Unreimbursed business expenses

<b>COUNT</b>	<b>DATE</b>	<b>TAXPAYER INITIALS</b>	<b>TAX YEAR</b>	<b>FRAUDULENTLY INFLATED DEDUCTIONS</b>
26	04/15/2003	A.B. and G.B.	2002	Gifts to charity Schedule C business losses Commercial property losses
27	04/15/2004	A.B. and G.B.	2003	Gifts to charity Unreimbursed business expenses Unreimbursed vehicle expenses Schedule C business losses
28	04/15/2005	A.B. and G.B.	2004	Gifts to charity Schedule C business losses
29	04/15/2005	H.D.	2004	Gifts to charity Schedule C business losses
30	04/15/2005	R.G.	2004	Gifts to charity Unreimbursed business expenses Unreimbursed vehicle expenses Schedule C business losses
31	04/15/2005	R.J.	2004	Unreimbursed business expenses Unreimbursed vehicle expenses
32	04/15/2005	J.B.	2004	Unreimbursed vehicle expenses

All in violation of Title 26, United States Code, Section 7206(2).

**COUNTS THIRTY-THREE AND THIRTY-FOUR**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraph 1 of Counts One through Thirty-two is incorporated here.
2. For the tax years 2004 and 2005, defendant MATTHEW J. REUSING, JR. received gross income of more than \$180,000, consisting mostly of fees paid to him for tax preparation and legal services.
3. During the calendar years set forth below, in the Eastern District of Pennsylvania, defendant

**MATTHEW J. REUSING, JR.,**

had and received gross income substantially in excess of the minimum filing requirement, as set forth below, and that by reason of such gross income he was required by law, following the close of each calendar year and on or before April 15 of the following year, to make an income tax return to the Director, Internal Revenue Service Center, at Philadelphia, Pennsylvania, or other proper officer of the United States, stating specifically the items of his gross income and any deductions and credits to which he was entitled; that knowing this, he willfully failed to make an income tax return to the Director of the Internal Revenue Service Center, or to any other proper officer of the United States:

<b><u>COUNT</u></b>	<b><u>YEAR</u></b>	<b><u>GROSS INCOME FILING REQUIREMENT</u></b>
33	2004	\$7,950
34	2005	\$8,200



All in violation of Title 26, United States Code, Section 7203.

**A TRUE BILL:**

---

**FOREPERSON**

---

**LAURIE MAGID**  
**Acting United States Attorney**